

Enclosure no. 4 to despatch
no. 5182 dated December 1, 1940,
from the Embassy at Tokyo.

Translation

Agreed Terms of Understanding between the Plenipotentiaries
of Japan and China concerning the Annexed Protocol

In proceeding this day to the signature of the Treaty
concerning the Basic Relations between Japan and China, the
following understanding has been reached between the Pleni-
potentiaries of the two countries in connection with the stipu-
lations of Articles 1 and 2 of the Annexed Protocol of the
Treaty.

1. With regard to those various organs for collecting
taxes in China which are at present in a special condition
owing to military necessity, an adjustment shall be made
promptly in accordance with the spirit of respecting the finan-
cial independence of China.

2. With regard to those industrial, mining and commer-
cial establishments under governmental or private manage-
ment which are at present controlled by Japanese forces, the
necessary measures shall be taken for their prompt transfer
to Chinese management in a rational manner, with the except-
tion of those which are of enemy character or under special
circumstances of unavoidable character including military
necessity.

3. In case any Sino-Japanese joint enterprise requires
modification in the evaluation of original assets, the pro-
portion of capital investments and other matters, measures
for their rectification shall be taken in accordance with
the terms to be agreed upon separately through consultation
between the two countries.

4. The Government of the Republic of China shall, in case they find it necessary to institute control on foreign trade, effect such control autonomously. They may not, however, infringe upon the principle of Sino-Japanese economic cooperation mentioned in Article 6 of the Treaty; and they shall consult with Japan with regard to such control during the continuation of the China Affair.

5. With regard to matters pertaining to transportation and communication in China which require adjustment, they shall be adjusted, as promptly as circumstance may permit, in accordance with the terms to be agreed upon separately through consultation between the two countries.

Done in duplicate, in the Japanese and Chinese languages at Nanking the 30th day of the 11th month of the 15th year of Syowa, corresponding to the 30th day of the 11th month of the 29th year of the Republic of China.